



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Revenue

TAX DIVISION

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February 19, 2018

The Honorable Paul Seaton
Alaska State House of Representatives
Chairman, House Finance Subcommittee for the Department of Revenue
State Capitol Room 505
Juneau, AK 99801

Dear Chairman Seaton:

The purpose of this letter is to provide you with responses to the questions asked of the Department of Revenue (DOR) during my presentation to the Department of Revenue Subcommittee on February 9, 2018. Please see questions in italics and our responses immediately below the questions. There are several attachments appended to this letter.

1. *What previous work has been done on a possible lottery for Alaska?*

In 2015, as the administration was looking at a wide range of potential fiscal options, a small amount of research was done on lotteries and the experience of adding them in other small population states. This work resulted in two documents, both of which are included as attachments to this letter:

Attachment #1: Lottery White Paper, Spring 2015

Attachment #2: Page 26 of the Fall 2015 Revenue Sources Book, on Lotteries

2. *What information can be provided about the charitable gaming program?*

As mentioned in my presentation, one of the missions of the Tax Division is to regulate charitable gaming. There are currently over 900 organizations and municipalities that hold a gaming permit. Our gaming group publishes an annual report, which summarizes the types of gaming activities conducted, the regional distribution of permittees, total funds raised, and total fees and taxes collected by the department.

Additionally, we have compiled for the committee a complete list of all entities holding gaming permits during calendar year 2016, as well as the total net proceeds (earnings) generated by each. Net proceeds must be donated to a charitable purpose within one year of being earned.

Attachment #3: 2016 Annual Report of Charitable Gaming

Attachment #4: Detail report of all 2016 permittees and their proceeds.

Please note, because permittees can amend their report at any time, the numbers in the detail report do not match exactly with the totals in the 2016 annual report which was published in early 2017.

As we mentioned in the lottery reports referenced above, additional gaming activities are authorized, such as a state run lottery, they could compete and potentially divert revenue from the existing charitable gaming program.

I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,



Ken Alper
Tax Director